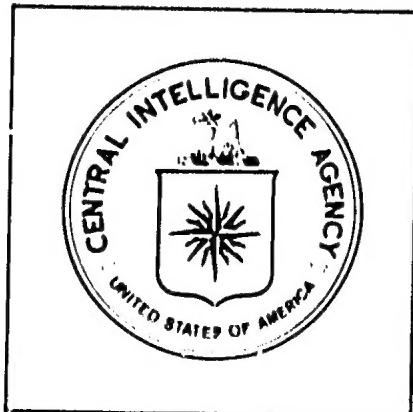


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CIA-RDP86T00608R00040009



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## STAFF NOTES:

# Soviet Union Eastern Europe

- State Dept. review completed

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## SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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~~SECRET~~Soviet View on Trade with the West

N. N. Inozemtsev, deputy chairman of the Soviet State Planning Committee (GOSPLAN), has sharply rebutted the thesis that the USSR is dependent on Western technology and expertise in an authoritative interview appearing in the *Literary Gazette* on May 28. Inozemtsev, who reportedly heads Soviet foreign trade planning, made no novel arguments, but the vigor of his remarks reveals a continuing Soviet sensitivity --even defensiveness--on the subject of economic reliance on the West.

Tass summarized the article in English the day before it was published, indicating that it was intended, at least in part, for foreign audiences. At one point in his criticism of an alleged Western campaign of "misinformation," Inozemtsev cautioned that Western leaders as well as the man in the street are being misled. For his foreign audience, Inozemtsev's principal message is that the USSR is in no sense economically dependent on the West and, in particular, is willing and able to develop Siberia with or without Western participation.

Inozemtsev stressed the relatively small part Western trade plays in the giant Soviet economy, and in a reference to recent US trade legislation, predictably scorned the notion that the USSR was shaken by congressional restrictions on extensions of credits by the Export-Import Bank.

The article acknowledges that autarky is no longer Soviet policy and that economic cooperation with the developed capitalist states is beneficial. Some of his comments seemed to relate to the evident debate in the Soviet Union over capitalist involvement in the Soviet economy, especially in developing Siberian resources.

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Inozemtsev himself endorsed such cooperative development projects as "fully appropriate." The Soviet planner at least implied that without large-scale capitalist assistance, Moscow's timetable for economic development is likely to be significantly delayed.

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Chinese Military Delegation in Belgrade

A high-level Chinese military delegation headed by Hsiang Chung-hua, a deputy chief of the general staff, arrived in Belgrade on May 30.

This visit returns a trip to Peking last fall by Colonel General Branislav Jokovic, an assistant chief of the Yugoslav general staff. The Chinese visit may be intended to maintain the momentum of military contacts with countries that might provide Belgrade at least with moral support should "the most likely aggressor"--the USSR--threaten the country. Indeed, both sides appear to be using the visit to stress their common concerns over Soviet intentions.

The New China News Agency (NCNA) described the toasts at a banquet on Sunday in terms that emphasize the Soviet threat to Yugoslavia without actually spelling out Moscow's role as the bogeyman. NCNA said the welcoming Yugoslav toast praised China's current role in opposing super power "hegemony and monopoly" and thanked China, along with national liberation movements, for supporting Yugoslavia.

The Chinese toast, delivered by Hsiang Chung-hua praised the Yugoslavs' "love of freedom" and obliquely alluded to the Soviet-supported "Cominformist plot" uncovered last year in Yugoslavia. He also lauded the Yugoslav liberation effort in World War II, and thus contrasted Peking's view with Moscow's, whose version of the liberation has been roundly denounced by Tito.

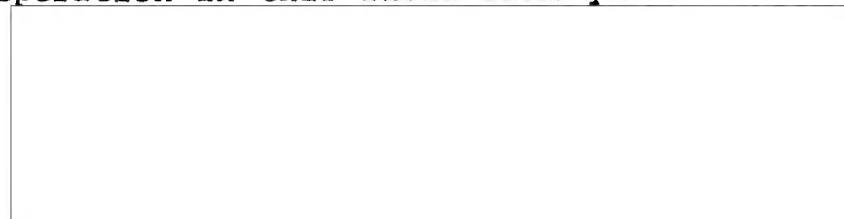
On Sunday, the Yugoslavs took the Chinese to Nikinci, where Yugoslav-manufactured arms for export are on display. Peking, like Moscow, may

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have some interest in using arms sales to gain influence with the politically powerful Yugoslav military, but the practical prospects for significant cooperation in this field seem quite limited.

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North Korea - Bulgaria:  
The Odyssey of Kim Il-song

North Korean President Kim Il-song arrived in Sofia this afternoon. He had earlier received enthusiastic receptions in Romania, Algeria, and Mauritania, where he attempted to drum up support in the debate on the Korean question scheduled by the UN General Assembly this fall.

Since Kim apparently will not visit the USSR until later this month, if at all, he may intend his stop in Sofia to counterbalance the strong third-world orientation of his current tour. Sofia is Moscow's staunchest ally in Eastern Europe and an excellent stand-in for the Soviets. The Bulgarians will not endorse Kim's independent-minded stance on the international communist movement, but they will follow Moscow's lead in supporting Pyongyang's position at the UN.

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~~SECRET~~Czechoslovakia: The Inauguration of a President

The US embassy reports that national rather than Communist traditions dominated the inauguration of party chief Gustav Husak as Czechoslovakia's seventh president on May 29.

In describing Husak's assumption of the top state post, the embassy noted that the Communist tradition was perhaps represented solely by the unanimity of the vote for Husak. By contrast only a huge national flag was displayed in Prague Castle's Vladislav Hall. The diplomats noted that this practice differs sharply from most public events in the country, at which either a red banner or the Soviet flag is displayed along with the national colors.

Czechoslovakia has the strongest democratic legacy of any country in Eastern Europe, and the embassy points out that the present system still bears the imprint of Tomas Masaryk. The names of Masaryk and Eduard Benes were not mentioned at the inauguration, of course, but neither was that of Antonin Novotny, who was president and party first secretary from 1957 to early 1968.

Husak, who once condemned Novotny for holding both the country's top party and state posts, now ironically finds himself following in Novotny's footsteps. The fact that both real and symbolic power is again concentrated in one man's hands was surely on the minds of many people, especially the majority Czechs, who have in Husak their first Slovak president.

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Moscow Set To Open Relations with Mozambique

The Soviet Union announced on Sunday that it will establish diplomatic relations with Mozambique on June 25--the day the former Portuguese territory gains its independence.

An agreement to exchange ambassadors was reached last month in Dar es Salaam between the Soviets and representatives of the Front for the Liberation of Mozambique, which will assume the reins of power following independence.

Moscow was one of the Front's main supporters during the years of insurgent fighting, and during the past year has shown a strong desire to maintain close ties with Mozambique. Last December the Soviets promised the Front economic and military aid following independence and in January made their first direct shipment of arms to the Front. In April a large Soviet economic delegation visited Beira and Lourenco Marques to study the prospects for future economic aid and cooperation. Formal aid agreements probably will be signed after June 25. 25X1

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